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TAGS: [EINV](#) [IZ](#) [PGOV](#) [PREL](#)  
SUBJECT: IRAQI TRADE MINISTER ON RECONCILIATION

Classified By: Ambassador Zalmay Khalilzad for reasons 1.4 (b) and (d)

¶1. (C) Summary: During a November 9 dinner with Ambassador Khalilzad, Iraqi Trade Minister Abd al-Falah al-Sudani set forth an unusually conciliatory view of Iraqi reconciliation encompassing Iraqi and regional actors. Al-Sudani has not developed details and or domestic allies for his ideas; the Ambassador urged him to do so and offered U.S. help. End Summary.

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Involve Regional Actors  
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¶2. (C) In response to al-Sudani's question about how U.S. election results will affect Iraq, the Ambassador predicted that the USG and U.S. public will be increasingly looking for signs that Iraqis are working together and making progress.

¶3. (C) Al-Sudani, from the Shiite Dawa party, told the Ambassador he believes that Iran and other regional actors must be part of Iraqi reconciliation. Iran can make life in Iraq difficult or easier, he reasoned. However, al-Sudani asserted that Saudi Arabia, Turkey, Syria and even Israel have a role to play in Iraqi reconciliation. Al-Sudani cited the regional agreement on Lebanon as a possible model. The goal, he said, is for other countries to commit to stop supporting violent groups in Iraq.

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Start With a Ceasefire  
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¶4. (C) Al-Sudani noted that Iraq's October "Ramadan Agreement" among political bloc leaders has so far failed to produce results because both Shiites and Sunnis had "unfinished business" they felt could be solved through violence.

¶5. (C) Al-Sudani said a ceasefire in Iraq would be a first step but conceded that this would be very difficult. He hopes consultations could take place on issues including federalism, power sharing between the GOI and local entities and hydrocarbons. In addition, al-Sundani asserted that minorities should be given some degree of veto power in order to reassure them that their rights would be safeguarded.

¶6. (C) The U.S. and UK could serve as ceasefire "guarantors" and provide financial assistance; Iran could also provide financial assistance.

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Sequencing  
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¶7. (C) The Ambassador pressed al-Sudani on sequencing. The U.S. has put a great deal of thought into this process, the Ambassador said, and into setting conditions for such an agreement. Iraqis first must resolve a mix of issues,

including the ones al-Sudani identified. This would bring stability and set the stage for amnesty, completing the Constitution, and complete transfer of security responsibility to the GOI.

¶8. (C) Al-Sudani replied that domestic and regional efforts should be pursued simultaneously. Regionally, he believes the process should begin as a series of Iraqi-led regional bilateral consultations and understandings, melding into wider consultations as consensus emerge. The simultaneous domestic political task, as he sees it, is to show all factions how they benefit from reconciliation.

¶9. (C) Al-Sudani said Baathists would fight as long as they feel "excluded." He cited South Africa as a model for dealing with Baathists, saying this should be a process that proceeds in stages of up to two years. The GOI could indemnify victims of Baathist violence, a policy he maintains is rooted in sharia. If Baathist violence diminishes, the U.S. should be prepared to respond by reducing troop presence.

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Iraqi Shia Alliance  
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¶10. (C) Al-Sudani believes that his Iraqi Shia Alliance (UIA) would be willing to develop such a proposal. Thereafter, it could be presented to other Iraqi parties. Al-Sudani concluded, remarkably, that his fellow Shiites had to move forward on reconciliation quickly, before they become too accustomed to power and reluctant to share it. The Ambassador strongly endorsed al-Sudani's approach. He urged al-Sudani to further develop the proposal and support for it, and offered U.S. help.

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Investment Issues  
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¶11. (SBU) Al-Sudani named Director General (DG) Abdul Hadi as his point of contact on investment issues at the Ministry of Trade. The Ambassador also noted that USAID's Izdiyar project is working with Deputy Planning Minister Fayk Rasool on developing implementing regulations for the investment law that recently passed October 10. Al-Sudani said he believed Izdiyar's contract was set to expire soon. (NOTE: Izdiyar's funding was renewed in the past couple of months after a hiatus. Izdiyar continues to provide technical assistance to the GOI on investment and World Trade Organization (WTO) issues, among others. Minister al-Sudani appeared unaware of this development. END NOTE).  
Speckhard